

**DEPARTMENT OF STATE REVENUE**  
**LETTER OF FINDINGS NUMBER: 03-0132P**  
**Gross Income Tax**  
**Calendar Year 1999**

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**ISSUE(S)**

**I. Tax Administration – Penalty**

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer was assessed a penalty for failing to remit estimated taxes. Taxpayer had a tax liability balance of \$106,744 at the time of filing its return. Taxpayer requests an abatement of the penalties.

**I. Tax Administration – Penalty**

**DISCUSSION**

Taxpayer protests Liability No. 1998-91795564 for the underpayment of estimated income taxes. Taxpayer states that it began operations in April 1998 and paid a total of \$330,000 in estimated 1998 Indiana tax which included an overpayment of \$48,614 that was applied to its 1999 Indiana tax liability.

In April 1999, taxpayer liquidated its business and sold its operating assets to a third party. The proceeds from the liquidation sale were used to payoff its existing debts. The accounting department was unable to estimate the amount of Indiana tax it would be required to pay for the tax year ending December 31, 1999.

Taxpayer paid forty-six percent (46%) of its tax liability, with the filing of its return, on October 16, 2000 and paid the interest and late payment penalty on July 16, 2002.

Taxpayer was assessed a penalty for the underpayment of quarterly estimated taxes. Taxpayer did not make quarterly estimated payments as required under IC 6-2.1-5-1.1 and remitted only

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fifty-four percent (54%) of its tax by the due date of the return.

Taxpayer has not provided reasonable cause to allow penalty waivers.

**FINDING**

Taxpayer's protest is denied.

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